

Minority Views and Estimates for FY 2007
Committee on Education and the Workforce
109th Congress, 2nd Session
February 23, 2006

I. REPUBLICAN RAID ON STUDENT AID

Last month, the Congress passed a budget-cutting bill that cuts a net of about \$12 billion¹ out of the federal student aid programs in order to help finance tax breaks for the wealthiest Americans. Seventy percent of the gross savings (which total approximately \$20 billion) generated from the cuts to the student aid programs are achieved by continuing the practice of forcing student and parent borrowers in many cases to pay excessive interest rates on their loans and by increasing college loan costs for parent borrowers.

Congress should be making college more affordable, and it could do so at no new cost to taxpayers and without adding to the budget deficit. Currently, the federal government pays excessive subsidies to lending institutions in the student loan industry. By cutting those subsidies, Congress could use the savings to make college more affordable without costing taxpayers an extra dime. But instead, **Washington Republicans have made two choices:**

- **First, they have chosen not to make many cuts to the lender subsidies that were proposed in earlier versions of budget legislation from both the House and the Senate.** The conference report passed by the Congress does reduce or eliminate some excessive lender subsidies, but it leaves many in place.
- **Second, they have chosen to put college further out of reach for American students and families.** The net cut of roughly \$12 billion that Washington Republicans have slashed from the student aid programs is not going towards deficit reduction, as Republicans have claimed. Instead, those savings will finance additional tax cuts for the wealthiest Americans.

Put simply: Republican leaders have chosen to allow big banks to keep their excessive taxpayer subsidies and to bestow multi-billion-dollar tax cuts on the wealthiest Americans — all at the expense of students and parents struggling to pay for college at a time of rapidly rising tuition costs.

Where do the savings come from in the budget reconciliation conference report?

- The Republican conference report raises the interest rate cap that parent borrowers pay on their college loans from 7.9 percent to 8.5 percent.
- The conference report requires student and parent borrowers to continue paying excessive, above-market interest rates on their loans in many cases. Under current law, the overpayments that students and parents make are kept by lenders. Under the budget reconciliation conference report, lenders must rebate the excessive payments, but instead of returning them to the students and parents who are being charged too much the Republican conference report uses these student and parent overpayments to fund new tax breaks for the wealthiest Americans.
- The conference report eliminates \$2.2 billion in critical funds which the Department of Education uses to administer and deliver federal student aid. Without these funds, the timely and safe

¹ Congressional Budget Office estimate revised and updated on January 26, 2006.

delivery of federal student aid is in jeopardy. According to the Bush Administration, these funds are necessary this year to: disburse \$117 billion in student aid grants and loans to nearly 10 million students; process more than 13 million federal financial aid applications; oversee the participation of more than 6,200 schools in the student loan programs; and collect \$105 billion in outstanding direct student loans.

- The conference report requires lenders to either collect a 1 percent “insurance fee” from borrowers on all college loans, or to raise this fee from other non-federal sources. The most likely scenario is that college loan borrowers will wind up footing this bill.

Republican conference report fails to end wasteful lender subsidies

The budget reconciliation conference report does reduce some wasteful subsidies paid by the federal government to banks and lending institutions in the student loan industry – but the report fails to reduce or end certain excessive subsidies. Provisions that were dropped altogether, or that were reduced, from the conference report include:

- *Reduction to excessive guaranty agency collection fees.* Even the Bush Administration’s 2006 budget recommended that these fees be reduced by \$985 million over 5 years – but the Republican conference report leaves these excessive subsidies in place.
- *Lender origination fee.* House and Senate bills approved earlier this year would each have charged lending institutions a 1 percent “origination fee,” up from the current 0.5 percent. According to the Congressional Budget Office, the House bill would have generated \$1.735 billion over five years. But the conference report approved by the Senate drops this provision.
- *Lender insurance exposure.* Under current law, one of many subsidies to lenders in the guaranteed student loan program, is a federal guarantee on student loans of 98 percent – meaning that even if a student fails to repay the loan, the lender is covered for 98 percent of the loan with taxpayer money. The Bush Administration found that this level of guarantee was unnecessary to encourage lenders to lend to students and proposed scaling this coverage back to 95 percent, which would have saved \$1.245 billion over five years. But the Republican conference report only takes it to 97 percent, saving just \$505 million over five years.
- *Loan consolidation fee.* The Congressional Budget Office estimates that raising the consolidation fee from 1.05 percent to 1.3 percent on consolidation loans held by lenders with 90 percent or more of their total student loan volume in consolidation loans would generate \$90 million over five years.

Republicans fail to raise Pell Grant value for fourth year in a row

The bill does create \$3.75 billion in new grants for college students pursuing math, science, foreign language or who have completed a ‘rigorous’ high school curriculum. But many students with need will not receive any new scholarship money. For four years in a row, the Republican-led Congress has failed to raise the maximum value of the Pell Grant scholarship – now set at \$4,050 – even though it is worth \$900 less, in inflation-adjusted terms, than it was worth in 1975-76.

II. BUSH FISCAL YEAR 2007 EDUCATION BUDGET: BREAKS PROMISES, UNDERFUNDS PRESCHOOL AND K-12 EDUCATION, AND PUTS COLLEGE FARTHER OUT OF REACH FOR MILLIONS OF AMERICANS

Executive Summary

Earlier this year, President Bush outlined his global competitiveness initiative in his weekly radio address stating that, *“To keep America the world's most competitive and innovative nation, we must continue to lead the world in human talent and creativity.”* Yet just two days later President Bush released a budget that shrinks, not expands, educational opportunities.

President Bush cuts \$2.1 billion in education funding. In his fiscal year 2007 budget, President Bush cuts \$2.1 billion, or 3.8%, from education funding despite the critical need to boost high quality educational opportunities for all Americans. President Bush’s budget reflects his misguided priorities, driving up the deficit to record levels with a failed tax policy while cutting the most critical programs that serve American children, students and families. Inadequate Federal investments will further jeopardize education reform focused on improved accountability, teacher quality, school safety and will hamper postsecondary access for millions of students.

Department of Education Funding

Bush Fiscal Year 2007 Request	-\$2.1 billion	-3.80%
2006	-\$530 million	-1.00%
2005	+916 million	+1.60 %
2004	+ \$2.5 billion	4.80%
2003	+ \$3.2 billion	6.40%
2002	+ \$7.7 billion	18.20%
2001	+ \$6.6 billion	18.60%
2000	+ \$2.1 billion	6.00%
1999	+ \$3.6 billion	12.10%
1998	+ \$3.3 billion	12.20%
1997	+ \$3.6 billion	15.70%

Critical Failures of President Bush’s 2007 Education Budget

- **President Bush denies critical services to 3.7 million disadvantaged children, breaking funding promises again and undermining efforts to close the achievement gap.** President Bush’s budget will deny 3.7 million disadvantaged children critical assistance, such as extra help to become proficient in reading and math while at the same time increasing funds for a shortsighted private school voucher program. Bush shortchanges NCLB by \$15 billion and provides half the amount that he and Congress promised for Title I under NCLB for FY 2007.
- **President Bush allows college tuition to soar un-checked.** In the past few years, the weakened economy, regressive tax cuts for the wealthy and federal budget cuts have pushed higher tuition prices onto college students and their families. The average tuition and fees at four-year public colleges have risen 40%, when adjusted for inflation, since 2001. Yet not only has President Bush failed to provide any relief for rising tuition, but his FY 2007 budget breaks his \$5,100 Pell promise and cuts critical college programs.
- **President Bush undermines critical early education.** Successful K-12 education reform must include opportunities for low-income children to receive high quality early education. But the Bush budget provides no new money for the Head Start program and as a result, programs will have to choose between cutting 19,000 children from the program or making cuts to the quality services proven to help children reach kindergarten better prepared to succeed.
- **President Bush eliminates vocational education programs for the 2nd year in a row.** At the same time that the President promotes a “competitiveness agenda” and touts high school reform, innovative vocational and technical education programs that offer high school and community

college students entry into high skill, high demand job opportunities are eliminated from the budget. The FY 2007 budget brings the total amount that President Bush has proposed to cut from vocational education programs to over \$3 billion since he took office.

No Child Left Behind Funding: Failing to Invest in Our Schools

President Bush Shortchanges Education Reform. For the fifth year in a row, President Bush is failing to provide the resources he promised for the No Child Left Behind Act (NCLB)—bipartisan K-12 education reform legislation signed into law four years ago. The Bush budget falls \$15 billion short of the amount that the President and Congress originally agreed to provide for NCLB this year. Under his FY 2007 budget, President Bush has shortchanged NCLB by a total of more than \$55 billion since its enactment.

Failing to Give Schools the Resources Needed to Close the Achievement Gap

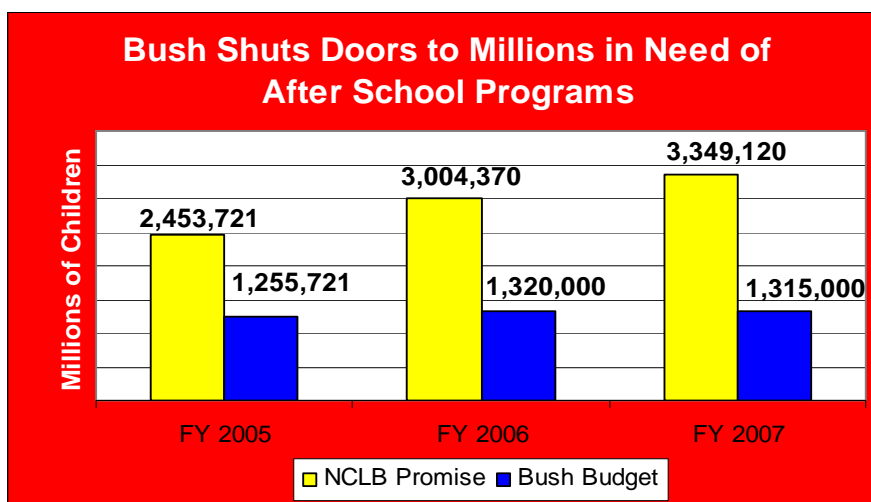
	FY02	FY03	FY04	FY05	FY06	FY07
NCLB Authorized Level (<i>in billions</i>)	\$26.42	\$29.22	\$32.02	\$34.32	\$36.87	\$39.44
Appropriations and FY 2007 Bush Request (<i>in billions</i>)	\$22.20	\$23.84	\$24.46	\$24.52	\$23.51	\$24.03
NCLB shortfall (<i>in billions</i>)	- \$4.2	- \$5.38	- \$7.55	- \$ 9.8	- \$13.36	-\$15.41

Elementary and Secondary Education

President Bush Fails to Uphold his Commitment to Bipartisan Education Reform. Four years ago, Congress and the President enacted the most important education reform legislation in 30 years – the No Child Left Behind Act (NCLB). NCLB focused on improving quality and accountability for results in exchange for significantly increased resources. Unfortunately, the Bush Administration has abandoned its commitment to this law. Through both inadequate funding and slow and contradictory implementation, the Administration has failed to help our schools achieve the law’s goals. The FY 2007 Bush budget makes the job for schools even harder by:

- **Denying extra academic help to 3.7 million students.** This budget allocates \$12.7 billion for the Title I program, which provides additional assistance to our most disadvantaged children and is key to our efforts to close the achievement gap. This level is only about half of the \$25 billion that the President and Congress agreed to provide under NCLB in FY 2007. As a result of President Bush’s broken promise, 3.7 million disadvantaged children will be denied critical education services, such as extra help in learning to read and understand math.
- **Misleading the public on math and science education.** The Bush Administration has trumpeted an investment of over \$380 million in math and science efforts. In reality, \$115 million of these funds are not new – they are simply a continuation of existing grants for other education programs. While improving our children’s math and science skills is important, it should not come at the expense of much needed resources for critical existing programs, such as the Safe and Drug Free Schools, Even Start, and vocational education programs.
- **Continuing Misguided Support for Private School Vouchers while Shortchanging Public Schools.** President Bush’s budget proposes yet another private-school voucher scheme—a \$100 million voucher program for private schools. While public schools struggle with declining federal financial assistance, the Bush Administration again demonstrates its misguided priorities by proposing to subsidize private schools and pay for private school tuition with federal funds.

- **Shortchanging disadvantaged high school students.** While the Bush Administration touts its commitment to high school reform, the Bush budget simply seizes over a billion dollars in current funding from ongoing programs, including vocational education, Gear Up and TRIO, in order to fund its “new” high school reform proposal. Gear Up and TRIO provide important support that enables disadvantaged students to pursue a higher education.
- **President Bush breaks his NCLB promise to provide highly qualified teachers in our classrooms.** President Bush’s budget provides \$288 million less than he promised to states to help improve teacher quality. As a result of the President’s broken promise, 1.3 million children will be denied highly qualified teachers in their classrooms and over 60,000 teachers will not get the professional development they need.
- **Closing the door to after school programs – denying 2 million children critical after school support.** The Bush budget freezes the effective and popular 21st Century Community Learning Centers Initiative for the 5th year in a row. Under NCLB, President Bush promised to fund this program at \$2.5 billion in FY 2007, more than twice as much as he now proposes. As a result of the freeze, President Bush will deny an additional 2 million children the ability to attend after school programs.
- **Freezing bilingual education – 5th year in a row.** The Bush budget provides no increase for bilingual education for the fifth year in a row, allocating only \$669 million – nearly \$80 million less than promised by NCLB. This shortsightedness comes at a time when the number of students who need help learning English is growing rapidly. This shortfall means over 63,000 children will be denied assistance in learning English.
- **Jeopardizing student safety and drug abuse prevention.** The Bush budget eliminates funding for the Safe and Drug Free Schools State grant program. As a result, there will be no Federal assistance to schools and communities to ensure student safety and reduce drug abuse in our schools. This elimination will compromise existing efforts to ensure safe learning environments and safeguard students from terrorist threats, violence in the schools and drug use by students.

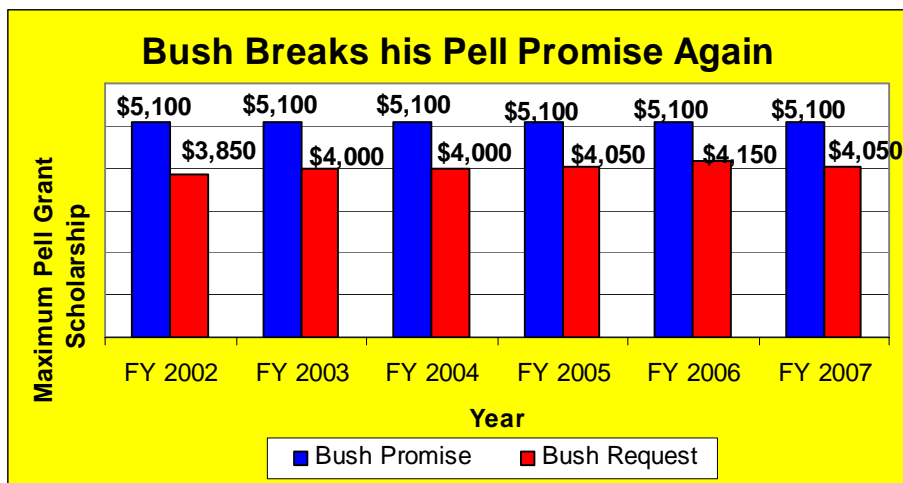


Higher Education and Financial Aid for College

President Bush Allows College Tuition to Soar Un-checked. In the past few years, the weakened economy, regressive tax cuts for the wealthy and federal budget cuts have pushed higher tuition prices onto college students and their families. The average tuition and fees at four-year public colleges have risen 40%, when adjusted for inflation, since 2001.

Yet not only has President Bush failed to provide any relief, but his FY 2007 budget breaks his \$5,100 Pell promise, cuts critical college access programs and fails to cut excessive lender subsidies—which should be recycled into the student aid programs to boost Pell Grants and to significantly decrease the cost of borrowing college loans.

Bush Freezes the maximum Pell grant scholarship. This is the fourth time that President Bush has either frozen or cut the maximum Pell Grant scholarship since 2001—despite the fact that the 2004-05 maximum Pell scholarship was worth \$900 less than the maximum scholarship 30 years ago, when adjusted for inflation.



Bush breaks his promise to raise the maximum Pell scholarship to \$5,100. Six years ago, George W. Bush pledged to make college more affordable by increasing the maximum Pell Scholarship for all college freshmen to \$5,100, but he has yet to make good on his promise.

Bush fails to cut excessive lender subsidies. Abandoning some of his key 2006 budget proposals, President Bush fails to follow through on \$2.26 billion in cuts (through 2010) to excessive lender subsidies. If the President's 2007 budget included these cuts, the savings generated by eliminating these excessive subsidies to lenders could pay to increase the maximum Pell grant by \$100 each year through FY 2010.

Bush denies more than 460,000 students low cost loans in 2007. The President's FY 2007 budget cuts \$664 million from the Perkins College Loan Program by requiring that participating colleges return the Federal portion of collections made on Perkins Loans in 2007. As a result, this year more than 460,000 low- and middle-income students will be denied low-cost loans (interest rates on Perkins loans are set at a fixed rate of 5%) to help pay for their college education.

Bush cuts places billions in student aid at risk. President Bush's FY 2007 budget puts stable student aid administrative funds at risk by subjecting them to an annual appropriation. The Bush budget will force administrative funding to compete against Pell grants and other education priorities for resources, and will

jeopardize the Department of Education's ability to administer the student aid programs—which have a long history of fraud and abuse—safely and soundly.

According to the Bush Administration, in 2006 these critical funds were used to: disburse \$117 billion in student aid grants and loans to nearly 10 million students; process more than 13 million federal financial aid applications; oversee the participation of more than 6,200 schools in the student loan programs; and collect \$105 billion in outstanding direct student loans.

Bush eliminates critical programs that boost college opportunities and access:

- **Bush eliminates the successful Gaining Early Awareness Program (GEAR UP).** GEAR UP has a proven track record of enabling more schools to offer rigorous college prep coursework that is crucial to students enrolling in, and graduating from, college. In 2006, more than 600,000 low-income students took part in GEAR UP.
- **Bush eliminates the effective TRIO programs Upward Bound, Upward Bound Math and Science, and Talent Search.** Students in the Upward Bound program are four times more likely to earn an undergraduate degree than those students from similar backgrounds who do not participate in TRIO. In 2006, more than 400,000 low-income, high risk and first generation college students participated in the Upward Bounds and Talent Search programs.

Bush eliminates loan forgiveness to teachers, military service members and law enforcement officers. In his FY 2007 budget President Bush eliminates Perkins Loan forgiveness funding, and as a result, students who borrow Perkins loans and who become teachers, law enforcement officers or who serve in the military will lose out on loan forgiveness.

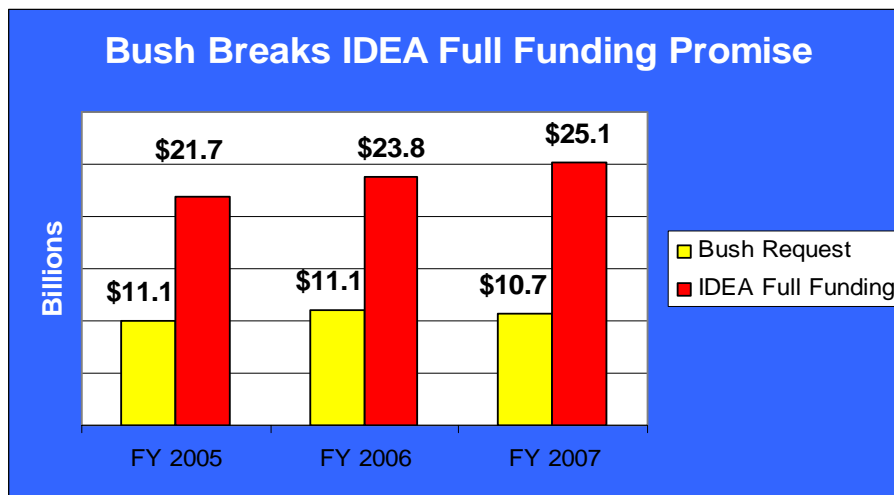
Bush freezes work-study and supplemental college grants. President Bush freezes funds for work-study and Supplemental Educational Opportunity Grants (SEOG)—which provide aid to more than 2 million students with the most financial need.

Bush eliminates the state college scholarship initiative (LEAP), risking \$1 billion in non-federal student aid. President Bush eliminates the \$66 million Leveraging Educational Assistance Partnerships (LEAP) initiative, which encourages states to establish college scholarships for college students. In 2001-2002, the federal investment in LEAP leveraged more than \$1 billion in matching state spending.

Special Education

The Individuals with Disabilities Education Act (IDEA) requires schools to provide all students with a free and appropriate public education and provides funding for educating children with disabilities. In 1975, the federal government committed to providing schools with 40 percent of the cost of educating these children. This 40 percent level is considered “full funding” of IDEA since it would be federal funding at the full amount promised.

Unfortunately, the Bush budget fails to fully fund special education, reneging on this 30-year promise to children with disabilities. The FY 2007 Bush budget requests \$10.7 billion for special education. This is only 17 percent of the cost of educating children with special needs. The FY 2007 Bush budget leaves schools \$14.5 billion short of full funding for this critical program—less than half of what was promised. At this rate of increase, the commitment to fully fund special education will never be kept.



Vocational Education and Adult Education

Vocational education provides important training and education opportunities to students in high schools and community colleges. The current system supports training and education in cutting edge fields of health care, technology and others. In addition, the federal Adult Education program continues to provide opportunities for adults to improve their literacy and workplace skills. Both vocational and adult education programs continue to play a crucial role in training Americans for high paying and rewarding careers in today's changing economy.

The FY 2007 Bush budget clearly demonstrates that the President has lost sight of the important job training and economic benefits of vocational and adult education programs. In his 2007 budget, President Bush:

- Eliminates Vocational Education, destroying innovative career and technical education programs for students attending high school and community college.** This translates into a loss of over \$1.3 billion in resources that are used for training and improved academic achievement.
- Freezes critical literacy services, providing services to only 3% of eligible recipients.** President Bush freezes funding for adult basic education, failing to expand services to over 90 million adults who have literacy levels that make it difficult for them to gain and hold employment or help their children with their school work. Adult education services already have long waiting lists and budgets that only allow them to serve 3% of adults with basic or below basic literacy skills.
- Reflects lack of Administration concern over training and job opportunities.** The elimination of vocational education funding will directly impact community college efforts to ensure a highly trained American workforce. The elimination of vocational education funding comes on top of efforts by President Bush to cut over \$675 million in funding for job training for youth since he took office.

Early Education

Access to early education is one of the most important opportunities we can provide our children. Children's early learning experiences have life-long consequences. The research is clear – high quality pre-K programs like Head Start change lives and save taxpayer money. Head Start improves children's pre-literacy, pre-math skills, and social skills so when they start kindergarten, they are ready to succeed. Children who attend early education programs like Head Start are less likely to need special education, be held back in school, and commit crimes, and they are more likely to graduate from high school. If we are serious about all children succeeding in school, America must make early childhood education a top priority.

The President's budget, for the sixth year in a row, demonstrates that early education is one of his lowest priorities:

- **Increases child care waiting lists by hundreds of thousands.** The Child Care and Development Block Grant (CCDBG) is a critical early education program, that provides child care assistance for low-income working families. Child care costs are often a family's second highest expenditure, and without child care assistance, many American workers cannot make ends meet or stay employed and many children lose the opportunity for important early education experiences. Because of inadequate funding, many states have waiting lists tens of thousands of families long. But instead of doing more to help hard working Americans stay employed and afford child care, the Bush budget does much less for these children and families. By freezing funding for CCDBG for the fifth consecutive year, the Bush budget – by their own admission will cut child care assistance by 400,000 children by 2011.
- **Cuts Head Start services.** The Bush Budget provides no new money for the Head Start program, which means programs will have to either cut quality or the number of children served – or both. Without providing a cost of living increase, programs, who have to pay for increased rent, transportation, food, and personnel costs, will have to make difficult choices by either cutting back on the high quality services that have been proven to help children learn – such as qualified teachers, educational activities, and parent education – or, even though only about 50% of eligible preschoolers are served by Head Start, reduce the number of children attending Head Start by as much as 19,000. This follows four years of inadequate Republican Head Start budgets that have already forced programs to do more with less.

Bush Fails to Provide Critical Relief to Schools, Colleges and Communities Devastated by Gulf Coast Hurricanes

Bush budget fails to add any additional funds to help revive schools and colleges damaged by Hurricane Katrina, Just five months after his September 15th pledge to do what it takes to help citizens of New Orleans rebuild their communities and their lives, President Bush has drafted a budget that completely abandons the lifeblood of the community—its schools and colleges.

An estimated 370,000 elementary and secondary school children were displaced as a result of the hurricanes in the Gulf Coast region. In New Orleans and surrounding parishes more than 50 schools are damaged beyond repair. Hundreds of others require major renovations and repurchasing of books, desk, computer equipment, athletic equipment, and musical instruments. Orleans Parish school system alone estimates its rebuilding and restoration costs to exceed \$1 billion. Rebuilding the education system in the affected areas requires substantial and sustained federal support.

The physical damage to the New Orleans colleges alone is estimated at \$1 billion. And as a result of the staggering damage, many of the New Orleans colleges have been forced to lay off hundreds of faculty and staff: Dillard University has laid off two-thirds of its faculty and staff; Tulane University has laid off more than 600 faculty and staff; Southern University at New Orleans has furloughed more than two-thirds of its faculty and staff; and 30 percent of Xavier University's faculty and staff have been laid off. Yet to date the Bush Administration has allocated just \$230 million in relief recovery—to be shared among all the impacted colleges in Louisiana and Mississippi.

President Bush Eliminates Programs and Shrinks Opportunities

President Bush's FY 2007 budget would terminate 42 education programs, reducing the Federal investment in education by \$3.5 billion. These programs help disadvantaged students prepare for and attend college and assist schools in meeting the challenges of NCLB. Among the programs terminated are critical priorities such as:

- **GEAR UP** – provides critical funding to support college preparation for high risk children.
- **Perkins Loan Forgiveness** – provides loan forgiveness to students who pursue careers as law enforcement officers, teachers or who serve in the military.
- **Safe and Drug Free Schools** – provides resources to ensure school safety and reduce drug abuse.
- **Comprehensive School Reform** – provides assistance to schools to implement public school reform programs.
- **Educational Technology State Grants** – critical funding to close the digital divide and improve academic achievement.
- **TRIO Talent Search** – provides competitive grants to colleges to boost high school graduation and college participation rates among low-income and high risk students.
- **TRIO Upward Bound** – provides competitive grants to colleges to support intensive, college prep, instruction for disadvantaged high school students to generate skills and motivation necessary to pursue and complete a college degree.
- **Dropout Prevention Programs** – helps keep children in school at a time when only 68 out of every 100 students who enter high school will graduate.
- **Smaller Learning Communities** – provides resources to reduce school size, especially in high schools.
- **State College Scholarship Program, or LEAP** – which leveraged more than \$1 billion in state spending on student aid in 2001-2002.
- **School Leadership** – improved training opportunities for principals and assistant principals.
- **Elementary and Secondary School Counseling** – provides resources to support elementary and secondary school counseling programs – all the more important at a time of war and in the aftermath of Hurricane Katrina.
- **Even Start** – provides funding to support family literacy programs – improving the literacy skills for 25,000 children and 19,000 adults.
- **Arts in Education** – funds art programs for disabled children.

Democrats believe we should keep our promise to fully fund IDEA and NCLB, and increase the Pell maximum to \$5,100, and reduce interest rates on student loans, and adopt the Innovation Agenda developed by Leader Pelosi and House Democrats.

III. PRESIDENT'S BUDGET 2007: UNDERMINING COMPETITIVENESS, NEGLECTING WORKER RIGHTS AND SAFETY

Summary

In his 2006 State of the Union address, President Bush announced with great fanfare his goal of improving American competitiveness in the global economy. Only days later, his Administration released the FY2007 budget that slashes and eviscerates landmark job training and vocational programs that help Americans learn the skills necessary to become more competitive. The President's budget turns several job training programs into privatized voucher programs—vouchers that have no accountability for results, and no track record of success.

On the worker safety front, the President's budget provides no funds for increased enforcement or safety inspectors at the country's 1,400 mines, despite the Sago mine tragedy and other mining deaths last month in West Virginia. Since the Bush Administration took office in 2001, the coal enforcement budget has been cut \$13.6 million in real dollar terms, and cut mine safety staff by more than 200 positions. Further, the President's budget cuts \$250 million to the NIOSH budget, the country's premier worker safety research

Job Training

At a time when millions of Americans are unemployed or looking to upgrade their workplace skills, the President is proposing to eliminate a number of landmark job training programs and convert them into a privatized voucher program. Specifically, the budget eliminates job training programs for adults and youth that have a successful track record, and a history of strong public/private partnerships to create unaccountable and un-tested "Career Advancement Accounts."²

The hallmark of the Workforce Investment Act (WIA) is local flexibility, and strong ties to local employers with accountability for results. The Administration proposal cuts cities and counties out of decision making about how to put their residents to work. Despite repeated efforts by the Bush Administration to torpedo the WIA, Congress has repeatedly rejected its proposals. Today's business and labor leaders are calling for greater federal investment in the WIA – investments to build a skilled workforce in the vital areas of science, math, engineering, manufacturing, and information technology.

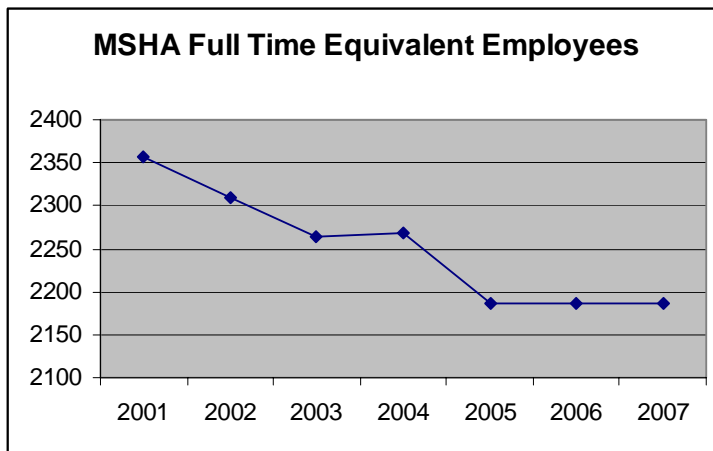
In addition, the President's budget again proposes to eliminate funding for job training for migrant and seasonal agricultural workers.

Worker Safety

MSHA: At a time when many are calling for more thorough inspections following six U.S. mine tragedies and 18 miners' deaths in 2006 alone, the President requested a scant 4% increase (even after the 1% rescission of Fiscal Year 2006 appropriated funds) in funding for the Mine Health and Safety Administration (MSHA), from \$277 million to \$288 million. The budget – after adjusting for inflation – provides no increased enforcement activities for mine safety. The budget shows that the number of full-

² These include the Adult Employment and Training Activities, Dislocated Worker Employment and Training Activities, and Youth Activities of the Workforce Investment Act)

time employees has fallen by 170 full time employees since 2001 – from 2,357 in 2001 to 2,187 today. Coal enforcement has fallen by 217 employees – from 1,233 full-time positions in 2001 to 1,016 in this year’s request. This year’s budget accounts for zero new full-time equivalent employees at MSHA and a decrease of 27 full-time equivalent positions for coal enforcement.



Source: FY2001-2007 Budget

While the Administration is calling for an increase in maximum fines from \$60,000 to \$220,000, it should be noted that the maximum fine is rarely applied in this Administration. The maximum fine has only been imposed 37 times from 2001 to 2005, compared with 118 times from 1996-2000. Furthermore, it is within the Administration’s authority to adjust the fee schedule below the maximum at their discretion. At the Sago mine during 2005, all of the fines issued for their 208 violations added together did not equal the maximum penalty allowed under current law.

OSHA: The President’s budget cuts \$250 million from the NIOSH budget, the country’s premier worker safety research agency. Cutting NIOSH undermines the country’s efforts to prevent workplace injuries, diseases, and deaths. The President has also again requested that funding be eliminated for the Susan Harwood Grant program at the Occupational Safety and Health Administration (OSHA), which provides funding for safety training by unions and community-based groups. It is especially critical for immigrants and other vulnerable workers. The U.S. Bureau of Labor Statistics found that worker deaths increased in 2004, for the first time in 10 years.

Democrats call for restoring MSHA enforcement personnel to its 2001 levels, at a minimum, and make significant new investments in mine safety technology.

International Worker Rights

While the President stressed increasing international trade in his State of the Union address, his budget proposes taking away the tools we need to prevent worker abuses abroad such as forced sweatshop labor and the worst forms of child labor. Competitiveness is also an issue here, as it is difficult for better-paid U.S. workers to compete for jobs against severely underpaid foreign workers who enjoy no health care benefits. The President again requested that funding for the Bureau of International Labor Affairs (ILAB) be cut from \$73 million to \$12 million. This represents an 87 percent cut from fiscal year 2005 funding of \$93 million. ILAB is the main federal entity charged with building worker rights into trade and investment agreements.

Retirement Security

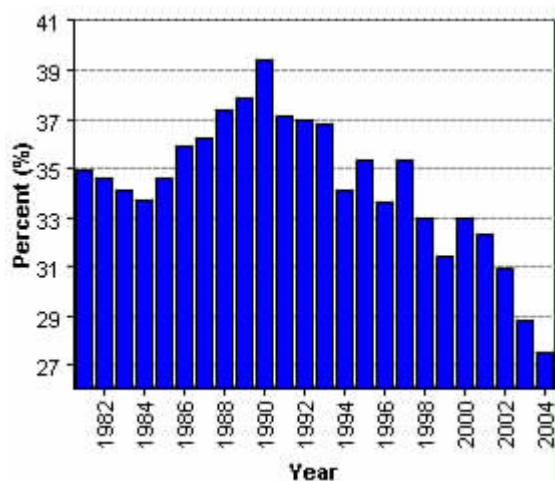
President Bush’s budget proposes a \$16.7 billion dollar premium tax on the nation’s pension plans. A premium tax this large will encourage more companies to freeze or drop their pension plans, thus making Americans in defined pension plans less financially secure. The budget fails to include any measure to

stop companies from dumping their unmet pension promises onto the federal government and employees, or to provide assistance to airline pension plans that are struggling to keep their pension plans going.

Employment for People with Disabilities

This budget dramatically slashes funding for the Office of Disability Employment Policy from \$28 million to \$20 million. This is a 57 percent cut from fiscal year 2005 funding of \$47 million. This Office is charged with breaking down barriers to employment that people with disabilities face so that they may live free and independent lives. This cut shows a serious disregard for creating a level playing field for people with disabilities, who are the most unemployed and underemployed people in our society. This office, established in the Fiscal Year 2001 Omnibus Appropriations Act, has “already had a significant impact on policies and programs to facilitate employment prospects for youth and adults with disabilities,” according to the American Association of People with Disabilities.

The need for the office is clear. The following chart shows the percentage of men and women, aged 18-64 with a work limitation in the United States who worked more than 52 hours in the prior calendar year from 1981 – 2004.



Source: Cornell University Disability Statistics

GEORGE MILLER

Senior Democratic Member